

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 538 - HB 656

April 30, 2021

SUMMARY OF ORIGINAL BILL: Reduces, from 24 to 16, the number of continuing professional education (CPE) hours a certified municipal finance officer (CMFO) must acquire annually and establishes a stipend and reimbursement scheme for certain persons. Authorizes municipalities to contract with certified public accountants (CPAs) in lieu of hiring a CMFO.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$149,500/FY21-22 and Subsequent Years

Decrease Local Expenditures – Exceeds \$96,600/FY21-22 and Subsequent Years

SUMMARY OF AMENDMENT (008093): Deletes language from the original bill to remove the stipend and reimbursement scheme for certain persons.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease Local Expenditures – Exceeds \$96,600/FY21-22 and Subsequent Years

Assumptions for the bill as amended:

- Based on information provided by the COT:
 - The COT began providing 16 hours of free CPE in calendar year 2021, independent of this legislation;
 - There are currently 644 active CMFOs statewide; and
 - There are approximately 65 persons who attempt and receive CMFO certification annually.
- This analysis assumes:
 - Approximately 75 percent, or 483 (644 x 75.0%), CMFOs' CPE is paid by their employing municipality annually;
 - Such CMFOs participate in 16 hours of free CPE from the COT, with the remaining 8 (24 required – 16 free) hours paid by the municipality; and
 - CPE costs vary, but for the 8 hours of training, such costs are estimated to exceed \$200 annually, per CMFO.

- Municipalities which currently pay for 8 hours of CMFO CPE will experience a decrease in expenditures estimated to exceed \$96,600 (483 CMFO x \$200 annual CPE) statewide, beginning in FY21-22.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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